

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9886
Order No. R-9134

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN
ORDER CREATING, ABOLISHING, ESTABLISHING
A DISCOVERY ALLOWABLE, AND EXTENDING
CERTAIN POOLS IN EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 7, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 12th day of March, 1990, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Strawn formation, said pool to bear the designation of Bandana Point-Strawn Gas Pool. Said Bandana Point-Strawn Gas Pool was discovered by the Yates Energy Company Desert Rose Federal Well No. 1 located in Unit I of Section 27, Township 23 South, Range 23 East, NMPM. It was completed in the Strawn formation on November 11, 1989. The top of the perforations is at 8,772 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico. for the production of oil from the Delaware formation, said pool to bear the designation of La Huerta-Delaware Pool. Further, the discovery well for said

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La Huerta-Delaware Pool, the Ray Westall Myrtle Myra Well No. 1 located in Unit C of Section 16, Township 21 South, Range 27 East, NMPM, is entitled to and should receive a bonus discovery allowable in the amount of 24,865 barrels of oil to be assigned over a two-year period. Said discovery well was completed in the Delaware formation on November 13, 1989. The top of the perforations is at 4,973 feet.

(4) There is need for the abolishment of the Boyd-Canyon Pool in Eddy County, New Mexico, in order to incorporate the abolished acreage into the North Dagger Draw-Upper Pennsylvanian Pool.

(5) There is need for certain extensions to the North Burton Flat-Wolfcamp Gas Pool, the Cass Draw-Wolfcamp Gas Pool, the South Dagger Draw-Upper Pennsylvanian Associated Pool, the South Eagle Creek Atoka-Morrow Gas Pool, the Livingston Ridge-Delaware Pool, the West Parkway-Atoka Gas Pool, the Rustler Bluff-Atoka Gas Pool, the Rustler Bluff-Morrow Gas Pool, the West Sand Dunes-Atoka Gas Pool, and the North Shugart-Bone Spring Pool, all in Eddy County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production is hereby created and designated as the Bandana Point-Strawn Gas Pool, consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 23 EAST, NMPM
Section 27: E/2

(b) A new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production is hereby created and designated as the La Huerta-Delaware Pool, consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 16: NW/4

Further, the discovery well for said La Huerta-Delaware Pool, the Ray Westall Myrtle Myra Well No. 1 located in Unit C of Section 16, Township 21 South, Range 27 East, NMPM, is hereby assigned a bonus discovery allowable of 24,865 barrels to be produced over a two-year period.

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(c) The Boyd-Canyon Pool in Eddy County, New Mexico, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 14: NW/4

is hereby abolished.

(d) The North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 14: NW/4
Section 15: All

(e) The North Burton Flat-Wolfcamp Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 3: W/2

(f) The Cass Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 11: E/2
Section 12: N/2

(g) The South Dagger Draw-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 22: E/2

(h) The South Eagle Creek Atoka-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 24 EAST, NMPM
Section 31: E/2
Section 32: N/2

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(i) The Livingston Ridge-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM
Section 24: W/2
Section 25: NW/4

(j) The West Parkway-Atoka Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 27: S/2
Section 34; E/2

(k) The Rustler Bluff-Atoka Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM
Section 8: N/2

(l) The Rustler Bluff-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM
Section 10: All

(m) The West Sand Dunes-Atoka Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 17: N/2

(n) The North Shugart-Bone Spring Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 5: NW/4

IT IS FURTHER ORDERED THAT:

(1) Pursuant to Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules

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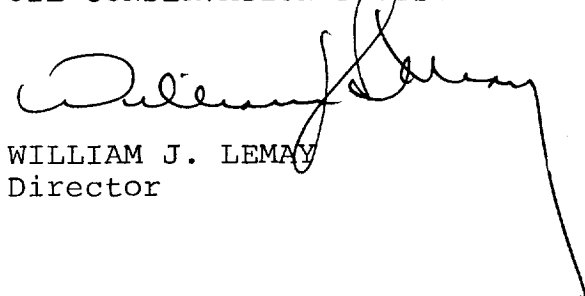
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providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said well, or to obtain a non-standard unit approved by the Division. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Form C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Division within said 60-day period shall subject the well to cancellation of allowable.

(2) The effective date of this order and all creations, abolishments, discovery allowables, and extensions included herein shall be April 1, 1990.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read 'William J. Lemay', is written over the typed name and title. The signature is fluid and cursive, with a long, sweeping tail that extends downwards and to the right.

WILLIAM J. LEMAY
Director

S E A L

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